

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7205

BILL NUMBER: HB 1423

DATE PREPARED: Feb 5, 2001

BILL AMENDED: Feb 5, 2001

SUBJECT: Vocational Education Funding.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill authorizes the governing body of a school corporation meeting certain criteria to withdraw from a cooperating agreement to establish or maintain a school or Department for Vocational Education without the vote of a majority of the governing bodies of the cooperating school corporations. For purposes of the vocational education formula that becomes effective in 2002, requires the Department of Workforce Development to provide the Department of Education with a report listing whether the Indiana average wage level for each generally recognized labor category is a high wage, a moderate wage, or a less than moderate wage. It uses this wage report (along with the reports categorizing vocational education programs by employment demand) in determining the amount of the vocational education grants. The bill increases vocational education funding per pupil from \$230 to \$250 for pupils enrolled in programs not covered by the employment demand categories. The bill also eliminates the vocational education funding component for pupils receiving a certificate of achievement. It provides vocational education funding of \$150 per pupil for pupils participating in a vocational education program in which pupils from multiple schools are served at a common location. It also changes the expiration date of the law governing vocational education grants from January 1, 2002, to January 1, 2004. The bill provides that in 2002 and 2003, a school corporation is guaranteed funding equal to at least 75% of the vocational education funding received by the school corporation in 2001.

Effective Date: January 1, 2001 (retroactive); December 31, 2001; January 1, 2002.

Explanation of State Expenditures: The bill changes the 2002-2003 calendar year school vocational education formula for tuition support calculations. Schools are guaranteed to received 75% of the CY 2001 vocational education formula. The exact impact is unknown since schools might change program offerings to maximize revenues. Using CY 2000 data, the new formula would decrease vocational education funding by \$3 M over the current formula distribution of \$55.4 M for CY 2000, with 100 schools receiving more funding and 194 schools receiving less.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The school withdrawing from the cooperative agreement may experience some increased vocational education expenditures if they offer the programs themselves or enter into a new agreement with other school corporations. The vocational cooperative would have a reduction in revenue due to the school corporation leaving. Depending on the timing of the withdrawal, the cooperative may not be able to reduce expenditures due to the reduction in revenue.

The withdrawing school corporation would still be responsible for their portion of any lease agreements they may have entered, if the school withdraws without the consent of the other cooperating school corporations.

There are about 43 cooperative agreements that could possibly be affected by the bill. It is unknown how many do not have an expiration date in the agreement.

Explanation of Local Revenues: See Explanation of State Expenditures, above.

State Agencies Affected: Department of Workforce Development, Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education and Department of Workforce Development databases. Patty Shutt, Department of Education, 317-232-9162.